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Government of Maharashtra

Annual Administration Report

UNDER THE

BOMBAY MONEY--LENDERS ACT, 1946

FOR THE YEAR 1962-63

1965

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CHAPTER I.

ADMINISTRATION.

The year 1962-63 is the 16th year of operation of the Bombay Money-lenders Act, 1946 as amended by the Bombay Money-lenders (Unification and Amendment) Act, 1959 in the 13 districts now forming part of the Maharashtra State. This is, however, the 4th year of operation of the Act in the 13 districts of Vidarbha and Marathawada regions, as the Act was made applicable to those incoming areas with effect from the 1st February, 1960.

(A) *Registrar of Money-lenders:*

The over-all responsibility for supervision, control and general administration of the Bombay Money-lenders Act, 1946 devolves on the Registrar General of Money-lenders. Shri D. A. Ambekar, Joint Registrar of Co-operative Societies (Administration), Maharashtra State, Poona held charge of the Registrar General of Money-lenders through-out the year under report.

Owing to amalgamation of the erstwhile four wings of the Co-operative Department and re-organisation thereof since February, 1961, there was a material change in the structure of the establishment for administration of the Bombay Money-lenders Act during the year 1960-61. The new structure continued during the year under report too. It is, however, reproduced below.

Registrar General of Money-lenders and Joint Registrar of Co-operative Societies (Administration), M. S., Poona.

Registrar of Money-lenders, (at the Divisional Level)-cum-Divisional Joint Registrar of Co-operative Societies.

Registrar of Money-lenders, (at the District Level)-cum-District Deputy Registrar of Co-operative Societies.

Assistant Registrar of Money-lenders-cum-Assistant Registrar of Co-operative Societies (in the District Office).

Co-operative Officers and Assistant Co-operative Officers (performing duties of Ex-Inspectors of Money-lenders).

Thus, as stated above, the responsibility for general administration of the Bombay Money-lenders Act, 1946 rested with the Joint Registrar, Co-operative Societies (Administration) by virtue of his appointment as Registrar General of Money-lenders. The Divisional Joint Registrars of Co-operative Societies are responsible for the over-all supervision, control and general administration of the Act in the Districts comprised in their respective Divisions. The District Deputy Registrars of Co-operative Societies are the Registrars of Money-lenders for their respective Districts and the Assistant Registrars of Co-operative Societies in each District Office are the Assistant Registrars of Money-lenders for the respective portion of the District under their jurisdiction. The Co-operative Officers and Assistant Co-operative Officers have been delegated with the powers under Section 13-A of the Act and they have since been performing the duties of Ex-Inspectors of Money-lenders of the old set-up of the Department.

Thus the gazetted and non-gazetted staff of the Department deals with control and regulation of rural and urban credit both under the Co-operative as well as Private Sector which are closely inter-linked with each other.

CHAPTER II.

Operation of the Act.

Grant of Licence:

Out of 9,769 applications received during the period under report, 1,088 applications were for fresh grant of licences and 8,681 for renewal as against 1,077 and 9,203 applications respectively received during the previous year. Of the above applications, fresh licences were granted in 972 cases, whereas in 8,452 cases, licences were renewed. 104 applications were, thus, pending at the close of the year as the same could not be disposed of during the year in question. The total number of money-lenders holding valid licences as on the 31st July, 1963 was 9,424 as against 9,810 during the previous year. In 31 cases grant and/or renewal of licence was refused under Section 8(1) and 14 licences (in Wardha district only) were cancelled under Section 8(A) of the Act during the year under report. The reasons for pendency of 104 applications during the year may be summarised as under:—

(1) In some of the cases, money-lenders from the interior areas were not available there for inquiries at the time of visits of the officers of the Department.

(2) A detailed and thorough inspection of accounts of some applicant money-lenders was considered necessary, but the same could not be completed before close of the year for one reason or the other.

A Division-wise break-up of the pending applications is as under:—

Name of the Division.	*Number of applications.*
1. Bombay.	8
2. Poona.	6
3. Nagpur.	39
4. Aurangabad.	51
Total:—	104

It is seen from the above break-up that 87% of the total number pertains to Nagpur and Aurangabad Divisions and nearly 50% of the total volume is covered by Aurangabad Division alone. Out of the 51 pending applications of this Division, 33 applications pertain to proper Aurangabad District.

Out of the 9,810 money-lenders who held valid licences during the year 1961-62, 1,299 money-lenders did not renew their licences for the year under report. Normally, of the money-lenders holding valid licences, a considerable number of them obtain licences for covering casual transactions and they do not renew their licences for the subsequent year.

31 money-lenders were refused licences under Section 8 of the Bombay Money-lenders Act, out of which 7 money-lenders had preferred appeals under Section 8(3) thereof during the year under report.

In 196 cases, the applicants were allowed to withdraw their applications at their own request.

14 licences were cancelled under Section 8(A) of the Act. However, none of these 14 money-lenders preferred an appeal under Section 8(A)(3) of the Act.

No suits were stayed under Section 10 by the Court during the year under report.

Similarly no application under Sections 30 and 31 of the Act was filed in the Court during the said period.

No licence was either suspended or cancelled under Section 14 of the Act, by the Court.

During the year under report, the Co-operative Officers and Assistant Co-operative Officers inquired into 234 complaints including those pending disposal at the end of the previous year and contacted 763 debtors for collecting evidence with a view to launching prosecutions against unscrupulous money-lenders.

Prior to the new set-up of the Co-operative Department, the Inspectors of Money-lenders were required to tour for 18 days in a month on an average. However, no such minima could be prescribed now, since the Co-operative Officers and Assistant Co-operative Officers were required to attend to the work arising out of administration of the Bombay Money-lenders Act in addition to that pertaining to proper Co-operation, Industrial Co-operation and Marketing. This field staff is also required to attend Courts in connection with prosecution cases against money-lenders. Accordingly, they attended Courts on 86 occasions during the said period.

It is a common experience in big industrialised cities like Bombay, Nagpur, Poona, Sholapur etc. that a number of money-lenders attend factories and mills etc. on pay days for recovering loans advanced to the workers there. With a view to prevent harassment to debtors as also to detect cases of illicit money-lending business, the field staff is required to keep a watch on pay days at such factories, mills etc. The field staff accordingly kept watch on 82 days at such places. The field staff detected in all 79 cases of surreptitious money-lending business, while the police detected 17 such cases during the year under report.

Rate of Interest:

The maximum rates of interest viz. 9% and 12% p. a. on secured and unsecured loans continued to be in force during the year of report. A money-lender is also permitted to charge Re. 1, if the total amount of interest chargeable in respect of all the loans advanced to a debtor during the year is less than a rupee.

Maintenance of Accounts:

According to the provisions of the Act and Rules thereunder, a money-lender is required to maintain accounts in the prescribed forms and to issue loan statements, plain and complete receipts for repayments.

acknowledgements for the articles pawned and pledged by debtors as secruity with him and statements of annual accounts at the end of the year in question.

The Registrar of Money-lenders is empowered under Section 35-C of the Act to compound offences falling under Sections 18 and 19 thereof. This provision has helped the Registrar of Money-lenders to eliminate delays involved in collecting evidence for launching prosecutions.

Amendments to the Act:

No amendment to the Bombay Money-lenders Act and Rules thereunder was made during the period of report.

Transactions of Money-lenders:

The licensed money-lenders (not exempted under Section 22 of the Act) advanced loans to the tune of Rs. 15,58,50,689 out of which Rs. 6,48,38,363 were advanced to traders while Rs. 9,10,12,326 to non-traders. Similarly, the money-lenders who were exempted under Section 22 of the Act, advanced loans of Rs. 10,09,00,839, out of which Rs. 9,63,76,157 were advanced to traders while Rs. 45,24,682 to non-traders. The money-lenders holding valid licences have, thus, advanced Rs. 25,67,51,528 to needy borrowers during the year under report as against Rs. 45.60 crores advanced by the Co-operative Sector during the same period.

Tagavi Loans:

During the year 1962-63, Government advanced Tagavi loans of Rs. 7,90,52,529-32. The purposewise break-up of this amount is as under:—

(1)	For wells.	Rs. 3,06,66,898-92
(2)	For other land improvements.	Rs. 2,96,58,292-60
(3)	For bullocks.	Rs. 1,87,27,337-80
	Total:—	Rs. 7,90,52,529-32

Prosecution:

145 cases were pending at the beginning of the year and 72 fresh cases were filed in Courts during the period of report. Out of these 217

cases in all, 126 cases were decided and 91 cases were pending in the Courts at the close of the year. Of the cases decided during the year, 96 cases ended in conviction and the total amount of fine realised was Rs. 14,887. The remaining 30 cases, however, ended in acquittal.

Special Measures for Protection of Backward Class People:

Complaints received from the debtors belonging to Backward Classes and Adivasis etc. were given preference for enquiries and prompt and suitable action was taken in all such cases. More-over, the field staff at the district level has been directed to visit the backward areas in their jurisdiction periodically, and to contact debtors belonging to Backward Classes, Adivasis and Vimukta Jatis with a view to ascertaining whether there is any harassment being caused to them by the money-lenders. They have also been directed to render necessary assistance to these people for rescuing them from the clutches of unscrupulous money-lenders.

Visits under Section 13-A of the Act and Inspection of Accounts by the Field Officers:

The Co-operative Officers and Assistant Co-operative Officers paid 2,084 visits under Section 13-A of the Act to the business premises of the money-lenders, while the Assistant Registrars paid 248 such visits during the year under report.

The different Officers of the administration inspected accounts of the money-lenders as shown against them below:—

Registrars of Money-lenders.	... ...	553
Assistant Registrars of Money-lenders	... ...	2,462
Co-operative Officers.	... ...	5,165
	Total:—	8,180

Doing money-lending business without a licence is a cognisable offence under the Act. The Police filed in all 9 fresh cases in Courts during the year of report. 32 cases filed by the Police ended in conviction while 10 cases ended in acquittal and 26 cases were pending investigation with them at the close of the year 1962-63.

Inspection of Offices of Registrars of Money-lenders:

1. Osmanabad.
2. Sangli.
3. Ratnagiri.
4. Ahmednagar.
5. Nanded.

With a view to ensuring that the provisions of the Bombay Money-lenders Act and Rules thereunder are properly administered by the staff at the district level, the marginally noted Offices of the Registrars of Money-lenders were inspected by the Registrar General of Money-lenders during the year under report. The Subordinate Officers were given full instructions on implementation of the Act in the inspection memos wherever necessary.

CHAPTER III.

General Review of the Working of the Act.

In the previous Reports, it has been explained how administration of the Bombay Money-lenders Act met with several vicissitudes since its inception. This is the third year of administration of the Bombay Money-lenders Act and Rules having been entrusted to the pooled staff working in all the erstwhile wings of the Co-operative Department. It was generally noticed that owing to heavy work in the other wings of the Department of an emergent nature like recovery of overdues, organisation of new Co-operative Societies and revitalisation of old ones, sale of debentures, keeping a vigilant watch over proper utilisation of loans and timely disbursement thereof by the Co-operative Societies, supervision over proper functioning of Marketing Co-operative Societies and ensuring proper linking of Co-operative Credit with Co-operative Marketing, weeding out unsocial elements to ensure healthy development of Co-operative Movement, prompt organisation and supervision over consumers stores etc., the field staff remained engaged in the work requiring priority. Consequently the normal work of the money-lenders administration suffered considerably, with the result that even applications for licences could not be disposed of till the close of the licensing year in question. However, efforts are being made to ensure that the basic work under the Act viz. of enquiries into applications for licences before the close of the licensing year in question is not neglected. The visits under Section 13-A numbering 2,084 paid by the field staff did not bear fruit as only a few of them resulted in detection of cases of illicit money-lending business frequently complained of by the public and in the press. Further, 1,299 money-lenders did not apply for renewal of their licences. The necessity of undertaking inspection of accounts

has already been impressed upon the Officers of the Department, in order to detect cases of surreptitious money lending business as also of other contraventions after money-lenders cease to apply for licences. As for the work of keeping a watch on mills, factories etc. on pay days, the field staff in Bombay, Nasik and Wardha have devoted attention to the same. In the districts of Jalgaon, Kolhapur, Poona, Nagpur and Chanda, however, this work has, by and large, not been upto the mark though there are a good many industrialised towns requiring special attention. The Officers are being apprised of the importance of this type of work for proper administration of the Bombay Money-lenders Act. The field staff examined 763 debtors only during the year under report. Even though no hard and fast criteria can be laid down for this purpose, the initiative taken by the field staff is generally indicated by the number of debtors examined, since the malpractices indulged in by the money-lenders can be brought to light only by the debtors who suffer heavily at their hands. Taking into consideration the imperative necessity of enforcing the provisions of the Bombay Money-lenders Act effectively, it has been proposed to train the Officers of the Co-operative Department in the various aspects of administration of the Bombay Money-lenders Act, and this proposal is under active consideration of Government.

Apropos the role of providing credit to the needy agriculturists and other weaker sections of the society, it is seen that the private money-lenders still continue to occupy a key and pivotal position in the credit structure of the State.

After the Officers and Field Staff of the Department are trained properly, it is expected that regulation of money-lending business in this State will be facilitated and malpractices adopted by the money-lenders reduced considerably.

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